



STATE OF IOWA

CHESTER J. CULVER, GOVERNOR
PATTY JUDGE, LT. GOVERNOR

DEPARTMENT OF HUMAN SERVICES
CHARLES J. KROGMEIER, DIRECTOR

June 1, 2009

Attached is the first update on DHS projects that I will be sending the Legislature and advocates throughout the interim. The following is a brief summary:

1) We have begun FY 2011 budget development process. The Council on Human Services will hold their public hearing on July 8th. There is also a link on our website for people to send their comments. The link is http://www.dhs.state.ia.us/Consumers/Find_Help/Director.html

2) IME's Projects

In FY 2010, Medicaid's total budget is \$3 billion. This \$3 billion will fund payments for over 20 million claims per year to over 36,000 health care providers statewide. On an unduplicated basis, Iowa Medicaid covers approximately 12% of Iowans in a year. IME pays more than 20 million claims per year, and on average, the time from receipt of the claim in the mailroom to the date of the check is 6 days.

In addition to the ongoing management of the Medicaid program, IME will complete the following projects:

- IME Reprocurement
- IowaCare Renewal
- IowaPlan Contract with Magellan
- Iowa Plan Waiver Renewal
- Correct Coding Initiative
- HIPAA Systems Changes
- Dependent Adult Abuse Taskforce-TCM rules
- Data Mining
- PMIC Reimbursement Methodology
- Nursing Facility Provider Tax
- Nursing Facility Accountability Measures
- Uniform Cost Report
- Medical Transportation Brokerage
- Program Integrity Audit
- PERM
- Crisis Intervention Teams
- Pre-Admission Screening and Resident Review
- Dental Home
- Medical Home
- Health Information Technology/Health Information Exchange/Electronic Medical Records
- MMIS

Thanks,
Molly



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DEPARTMENT OF HUMAN SERVICES
CHARLES J. KROGMEIER, DIRECTOR

To: Legislators
Fr: Molly Kottmeyer, Department of Human Services
Re: Update on DHS projects #1
Date: June 1, 2009

1. FY 2011 Budget Development

The public hearing for the DHS budget is scheduled for July 8, 2009. Attached is the letter that has been sent to over 250 interested parties. Please feel free to send this letter to others who would like to provide input into the FY 2011 budget development. Also, there is a link on our website for the public to provide their budget ideas. This link is http://www.dhs.state.ia.us/Consumers/Find_Help/Director.html.

2. Iowa Medicaid Enterprise (IME) Projects

The Medicaid program is funded jointly by the state and federal governments. The total budget for Iowa Medicaid for FY 2010 is approximately \$3 billion. This \$3 billion will fund payments for over 20 million claims per year, to over 36,000 health care providers statewide. Payments are made to physicians, hospitals, labs, pharmacies, home health providers, rural health providers, federally qualified health centers (FQHCs), nursing facilities, chiropractors, physical therapists, home care providers, and many other types of providers.

The Iowa Medicaid program is the third largest health care payor in Iowa – Wellmark is the largest covering about 1,000,000 lives, Medicare second covering about 500,000, and Iowa Medicaid is third covering over 400,000. On an unduplicated basis, Iowa Medicaid covers approximately 12% of Iowans in a year. When compared to all other states, Iowa spends a lower than average amount of its General Fund budget on Medicaid, and has an average benefit and eligibility coverage.

IME pays more than 20 million claims per year, and on average, our time from receipt of the claim in the mailroom to the date on the check is 6 days.

In addition to the management of the Medicaid program, IME will complete the following projects:

IME repurchase – RFP drafts need to be complete by July 1, 2009. This is a very complex procurement with 8 contracts that all interrelate. We have a contract with Fox Systems to assist us with the repurchase and have been working for about 6 months. Project is currently on target, and involves a number of key staff. We receive a 90% federal match rate for the procurement. We are seeking to implement the best practices identified in the comparative analysis, and have challenges planning the professional contracts for the next five years while the Claims processing contracts are on

a different contract cycle. The transition from the existing to new vendors will also be a time intensive effort.

IowaCare Renewal – We need a renewal/extension of the 1115 Waiver from CMS. The waiver expires June 2010 and if we do not have a new waiver in place we will have to stop accepting new members on January 1, 2010.

Iowa Plan Contract with Magellan – contract due to be signed shortly. Contract starts 1/1/10. We need to gear up and oversee implementation of the transition to the new contract. While the incumbent has been selected, there are a number of areas where we have made changes and have higher expectations and need to oversee and direct their work on implementing those changes. Summer & fall 2009

Iowa Plan – Waiver renewal – The Iowa Plan operates under a 1915(b) waiver, which must be renewed. This is a very large project due to the document production requirements. Completed by June 30, 2009

Correct Coding Initiative – We estimate this project will save at least \$1M net the first year. There is language in the appropriations bill requiring us to issue an RFP. The RFP nearly complete. Once awarded, there will be a 6-month implementation time for systems changes and other implementation tasks. Effort from present to the target start date of 1/1/10.

Health Insurance Portability and Accountability Act (HIPAA) required systems changes – Very large systems projects we will need to complete over the next 2 years, beginning in FY 2010. Called “HIPAA 5010” that deals with electronic claims transactions, and “ICD-10” that completely revamps the diagnosis code system used by all health care providers and payors. These are projects all health care payors and providers are beginning work on.

Dependent Adult Abuse Task Force – TCM Rules – Implementation of rule changes for Targeted Case Management and Incident Reporting. 7/1/09 and 9/1/09.

Data Mining – Standings bill requires issuance of an RFP by August 1, 2009. Despite IME objections that the time frame was not reasonable, that is the due date. We are very unlikely to meet it given other large high priority projects. We believe we need to issue a Request for Information to get more information to craft a good RFP and sufficiently protect the state’s interest in what we are buying. Will issue the RFI in June. RFP development August/September, RFP release targeted for Fall 2009.

Psychiatric Medical Institutions for Children (PMIC) – We need to develop an acuity based reimbursement method for PMICs and develop outcome measures. We need to work closely with the provider groups, Magellan, IME medical services, and MHDS to work on how to implement this to reduce PMIC lengths of stay and out of state placements. We will need state plan changes, rules, and a time intensive effort to get buy in, research on reimbursement methods, etc

Nursing Facility Provider Tax – IME submitted draft documents to CMS. Will need to submit official State Plan Amendment, Waiver requests and state rules. June 2009.

Nursing Facility Accountability Measures – Legislation has implemented a re-design of this program, which offers incentive payment add-on to a nursing facility rate if facility meets certain performance

measures. Will require submission of a state plan amendment and development of state rules. Also requires the continuation of a workgroup to design a quality improvement program for targeted facilities. June 2009 – January 2010.

Uniform Cost Report – We have been working with a workgroup for about a year to create a uniform cost report. There are a number of issues still to work through. Will require many changes to implement (i.e. rules, state plan amendments, provider manual updates).

Medical Transportation – need to complete rules changes and RFP for transportation brokerage. The brokerage is a key strategy for time savings in the field. Summer 2009.

Program Integrity Audit – We completed our first of these audits by CMS last May (audit outcome very favorable), we are due again next year. The pre-work and document production for the audit is very time intensive for a period of several months. Winter 2009/2010

PERM – We are completing coordination for the data processing and medical record review pieces of the Payment Error Rate Measurement (PERM) project that began in the summer of 2008. A corrective action plan is due to CMS by November 1, 2009.

Crisis Intervention Teams – creation of teams to assist providers with patients who have difficult behaviors or mental illness. Project in conjunction with MHDS, Woodward Resource Center and U of I Centers for Developmental Disabilities. Summer/Fall 2009.

Pre-Admission Screening and Resident Review (PASRR) – CMS has issued guidance to states emphasizing the role of the State Medicaid Agency's operation of a PASRR program that protects vulnerable individuals with mental illness or mental retardation who may need nursing facility placement. We need to complete a review of our program and implement needed improvements to ensure compliance with federal regulations or risk the loss of federal funding.

Dental Home – Access to dental care is a critical challenge for Iowa Medicaid, and all Medicaid programs around the country. Iowa has had a mandate to implement a 'dental home' for Medicaid children for 3 years. The program requires a significant appropriation and has not been fully implemented, as the legislature has not been able to dedicate the resources. This is a critical issue that will continue to require attention.

Medical Home – a core piece of Iowa's health care reform legislation. There are a number of stakeholder groups working on this. Medicaid has been identified as the first payor to roll out Medical Home. This project is in its early stages, but will be a key issue. Medical Home is also prominent as part of the national health care reform discussion. IME has met with Wellmark to try to coordinate our efforts on medical home.

Health Information Technology/Health Information Exchange/Electronic Medical Records – also a core strategy in Iowa's health care reform legislation. DPH is lead on this, but Medicaid will play a role. The ARRA appropriated funds for Medicaid providers for health IT that we will need to administer. We are waiting for federal guidance.

MMIS – The Medicaid claims processing and MIS system called MMIS is a 1972 mainframe system. It has been a good system and we are squeezing all the usefulness we can out of it. However, it is

limiting as a support for managing the program. IME will need to make key planning decisions this summer for a phased replacement approach moving toward a Service Oriented Architecture platform. MMIS replacements are high risk and expensive (even with 90% federal match).



STATE OF IOWA

CHESTER J. CULVER, GOVERNOR
PATTY JUDGE, LT. GOVERNOR

DEPARTMENT OF HUMAN SERVICES
CHARLES J. KROGMEIER, DIRECTOR

May 27, 2009

Dear :

As we begin to develop our SFY 2011 budget, we are making a few changes in the format for receiving your testimony at the annual public hearing conducted by the Iowa Council on Human Services. We hope the changes facilitate more interaction between the Council and our guests.

The hearing will be held July 8th in Classroom B at the State Historical Building, 600 E. Locust, which is one block west of the State Capitol. There is plenty of parking in a ramp north of the building (E. 6th and Grand). There is a restaurant on site and the building is handicapped accessible.

As in past years, we are asking people to limit their remarks to five minutes. To help the Council understand your issues, it would be helpful if you would send your comments **in advance** to Linda Miller, Department of Human Services, Director's Office, 5th Floor, Hoover State Office Building, 1305 E. Walnut Street, Des Moines, IA 50319, by **Wednesday, June 24th**. She will then send the material to Council prior to the public hearing. Unlike past years, the Council would like the opportunity to ask questions following your presentations, and reviewing your comments in advance will help facilitate this discussion. We expect this question and answer portion of the hearing would take no more than an additional five minutes per person.

You may make any comment you wish, but we are asking people this year to be especially mindful of our very real budget constraints. Federal stimulus money prevented deep cuts this year but those funds will be running out during fiscal year 2011, which will create enormous financial pressure. The Council would like to hear what your core priorities are and your ideas for cost-saving initiatives as well as the impact of reduced funding.

If you would like to publicly address the Council for five minutes, please contact Linda Miller at (515)281-5452 **before June 24th** and a time will be assigned to you to speak (same as past years.) Again, we strongly encourage you to send your remarks **in advance (by June 24th)** so they can be shared with Council. We are requesting 15 copies of your remarks be submitted by mail or you can e-mail Linda Miller your comments at lmiller2@dhs.state.ia.us and she will make the necessary copies to send to Council.

Finally, for those who cannot attend, we urge people to send comments to Director Charles J. Krogmeier. These comments will then be shared with the Council. Director Krogmeier's address is Hoover State Office Building, 5th Floor, 1305 E. Walnut Street, Des Moines, Iowa 50319. Or you can email your comments to our website, dhs.iowa.gov, and look for the "2011 budget ideas" tab in the "frequently visited links."

Sincerely,

James A. Miller, Chair
Council on Human Services

Charles J. Krogmeier
Director

JAM/CJK/lm